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UNCLAS SECTION 01 OF 03 ROME 001335

SIPDIS

TREASURY FOR WSCHUERCH, MJASKOWIAK
USDA FOR FAS/LYNN REICH AND DAVID WINKELMAN
STATE FOR IO/EDA ROSE BERSTEIN
USAID FOR AA/PPC;DAA/G/EGAD;AFS

FROM FODAG

E.O. 12958: N/A

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SUBJECT: REPORT OF IFAD 25TH GOVERNING COUNCIL

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REF: (01) ROME 06528

11. SUMMARY: THE 25TH SESSION OF THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD) GENERAL ASSEMBLY MET FEBRUARY 19-20. NIGERIAN PRESIDENT OBASANJO'S KEY NOTE SPEECH EMPHASIZED THE IMPORTANCE OF CREATING AN ENABLING ENVIRONMENT -- ESPECIALLY PEACE -- IN ORDER TO ATTACK POVERTY. IFAD MEMBERS APPLAUDED PRESIDENT BAGE'S INTRODUCTION OF INTERACTIVE PANELS AND ROUNDTABLES (INCLUDING A PANEL SESSION WITH NEW YORK-BASED SWEDISH PERMREP RUTH JACOBI, WHO SPOKE ON THE DRAFT MONTERREY DECLARATION). THE UNITED STATES STRESSED EFFECTIVE ALLOCATION OF IFAD RESOURCES, A CONTINUED FOCUS ON ASSESSING IFAD'S IMPACT ON REDUCING RURAL POVERTY, AND ENCOURAGED MANAGEMENT FOCUS ON OPERATIONAL EFFICIENCY, STRATEGIC PLANNING AND FINANCIAL SOUNDNESS. MANY COUNTRIES URGED ADOPTION OF THE 0.7 ODA TARGET AND REGRETTED LACK OF MOVEMENT ON THIS IN THE FINANCING FOR DEVELOPMENT DRAFT DECLARATION. IFAD MEMBERS APPROVED A NEW ROUND OF CONSULTATIONS ON THE SIXTH REPLENISHMENT OF IFAD'S RESOURCES (SEPTEL). END SUMMARY

25TH GOVERNING COUNCIL

12. THE 25TH SESSION OF THE IFAD GOVERNING COUNCIL MET FEBRUARY 19-20. WILLIAM E. SCHEURCH, DEPUTY ASSISTANT SECRETARY, INTERNATIONAL DEVELOPMENT, DEBT AND

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ENVIRONMENTAL POLICY (TREASURY) HEADED THE U.S. DELEGATION AND SERVED AS THE VICE-PRESIDENT OF THE COUNCIL. WASHINGTON DELEGATES COMPRISED JONATHON CONLY,
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USAID DEPUTY ASSISTANT ADMINISTRATOR, BUREAU FOR ECONOMIC GROWTH, AGRICULTURE AND TRADE AND DAVID WINKELMAN, FAS/USDA. FODAG STAFF ALSO ATTENDED.

13. NIGERIAN PRESIDENT OBASANJO GAVE THE KEYNOTE ADDRESS IN WHICH HE RECALLED NIGERIA'S LONG-STANDING COMMITMENT TO IFAD. HE CALLED POVERTY THE MAIN CAUSE OF VIOLENCE, INSECURITY AND TERRORISM AND STATED THAT, AMONG THE ELEMENTS OF THE ENABLING ENVIRONMENT IN COMMITMENT ONE OF THE WORLD FOOD SUMMIT PLAN OF ACTION, AN "ENABLING PEACE" WAS THE MOST IMPORTANT. HE EMPHASIZED THAT ERADICATION OF POVERTY WAS THE BEST WAY TO ERADICATE HUNGER AND POINTED OUT THAT INVESTMENTS IN HEALTH AND EDUCATION WERE NOT SUSTAINABLE UNLESS YOU WERE ABLE TO ALSO IMPROVE "HUMAN ECONOMIC PRODUCTION." OBASANJO RECALLED THAT FORMER PRESIDENT CLINTON HAD TOLD HIM THAT ENDING THE WEST'S AGRICULTURAL SUBSIDIES WOULD INCREASE THE INCOME OF DEVELOPING COUNTRY BY USD 20 BILLION/YEAR (COMMENT: A POINT PICKED UP BY NUMEROUS SUBSEQUENT SPEAKERS. END COMMENT). OUTGOING WORLD FOOD PROGRAM EXECUTIVE DIRECTOR CATHERINE BERTINI DELIVERED A STATEMENT FROM UN SYG KOFI ANNAN TO THE COUNCIL. SPEAKING AFTERWARDS IN HER OWN CAPACITY, BERTINI REMINDED DELEGATES THAT THE BEST WAY TO REDUCE HUNGER WAS TO SEND GIRLS TO SCHOOL.

14. IFAD PRESIDENT LENNART BAGE (SWEDEN), SPOKE OF THE NEED TO GIVE HOPE AND DIGNITY BACK TO THE RURAL POOR, ENDORSED ACCESS FOR IFAD TO THE WORLD BANK HIPC (HIGHLY INDEBTED POOR COUNTRY) TRUST FUND TO OFFSET IFAD HIPC COSTS AND OBSERVED THAT THE GAP BETWEEN RICH AND POOR SHOWED THAT "OUR RHETORIC HAS NOT BEEN MATCHED BY
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APPROPRIATE ACTION." HE ANNOUNCED THAT IFAD'S NEW VICE-PRESIDENT WOULD BE NIGERIAN CYRIL ENWEZE (VICE PRESIDENT OF OPERATIONS AT THE AFRICAN DEVELOPMENT BANK), REPLACING JOHN WESTLEY(U.S.)

PANEL FEATURES DISCUSSION OF MONTERREY DRAFT DECLARATION

15. A NEW FEATURE OF THE COUNCIL - A PANEL DISCUSSION - LED OFF WITH SWEDISH UN PERM REP RUTH JACOBI DISCUSSING THE RECENTLY CONCLUDED FINANCING FOR DEVELOPMENT PREPCOM IN NEW YORK. JACOBI STATED THAT THE DRAFT WAS THE "MAXIMUM AGREEMENT POSSIBLE AMONG 189 COUNTRIES." SHE ACKNOWLEDGED THAT IT WAS NOT "REVOLUTIONARY" BUT COULD BE A PLATFORM FOR FORWARD LOOKING STEPS. OTHER SPEAKERS EXPRESSED DISAPPOINTMENT WITH THE DRAFT OUTCOME, ESPECIALLY BECAUSE OF LACK OF MOVEMENT ON ODA TARGETS AND ON DEBT. THE ROME-BASED BRAZILIAN PERMREP STATED WITH VEHEMENCE THAT "ONE DEVELOPED COUNTRY" HAD DENIED ACCESS TO NGO'S DURING THE NEGOTIATIONS AND DERIDED WHAT HE CALLED THAT COUNTRY'S "DOUBLE STANDARD" CONCERNING NGO PARTICIPATION. DUTCH REP (AMBASSADOR BERTELING),

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ACTION IO-00

INFO	LOG-00	NP-00	AF-00	AID-00	AMAD-00	CIAE-00	COME-00
	CTME-00	DODE-00	ITCE-00	SRPP-00	EB-00	EXME-00	EUR-00
	UTED-00	TEDE-00	INR-00	ITC-01	NSAE-00	OES-01	OIC-02
	OMB-01	OPIC-01	SS-00	STR-00	TEST-00	SAS-00	/006W
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R 151015Z MAR 02
FM AMEMBASSY ROME
TO SECSTATE WASHDC 2761
USMISSION USUN NEW YORK
AMEMBASSY ABUJA
USMISSION GENEVA
INFO USDA FAS WASHDC 2054
DEPT OF TREASURY WASHDC

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RESPONDING TO CALLS FOR INCREASED ODA FOR AGRICULTURE, NOTED THAT THE NETHERLANDS -- WHICH SUPPORTED THE 0.7 PERCENT ODA TARGET -- HAD FOUND THAT DEVELOPING COUNTRIES THEMSELVES WERE NOT GIVING PRIORITY TO AGRICULTURE IN THEIR REQUESTS TO DONORS.

ROUNDTABLE ON REGIONAL STRATEGIES

16. ON THE SECOND DAY, MEMBERS SPLIT UP TO ATTEND FIVE ROUNDTABLES ON REGIONAL STRATEGIES, WHICH FEATURED SPEAKERS FROM GOVERNMENT, ACADEMIA, THE PRIVATE SECTOR AND NGO'S. PARTICIPANTS MADE SUGGESTIONS FOR IMPROVING THE REGIONAL STRATEGIES USING IFAD'S PREPARED STRATEGIES AS A BASIS FOR DISCUSSION. COMMENT: SOME INTERVENTIONS WERE THOUGHTFUL; SOME WERE OF MARGINAL UTILITY (E.G., VENEZUELA WANTED A REFERENCE TO "POLITICAL INSTABILITY" DUE TO "COUP D'ETAT'S" DELETED FROM THE LATIN AMERICAN STRATEGY PAPER); NONETHELESS, THE ROUNDTABLES ENABLED DELEGATES TO ENTER INTO DEEPER DISCUSSIONS THAN THE NORMAL GOVERNING COUNCIL FORMAT HERETOFORE HAD PROVIDED AND FEATURED EXCELLENT SPEAKERS. END COMMENT.

17. THE ROUNDTABLE DISCUSSIONS CONCLUDED AMID SOME CONFUSION AS TO THE STATUS OF THE COUNTRY STRATEGIES. A FEW LATIN COUNTRIES STATED THAT ADDITIONAL COMMENTS (INCLUDING WRITTEN COMMENTS) WOULD BE MADE ON THE LATIN AMERICAN REGIONAL STRATEGY, AND THAT THE STRATEGY WOULD NOT BE CONSIDERED "APPROVED" UNTIL ALL COMMENTS HAD BEEN RECEIVED AND A REVISED STRATEGY CIRCULATED.

U.S. STATEMENT

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18. AS A RESULT OF THE INNOVATIVE FORMAT (AND BECAUSE OF TIME CONSTRAINTS), COUNTRY STATEMENTS (OTHER THAN THOSE PRESENTED FOR THE RECORD) WERE DISCOURAGED. NONETHELESS,

A SIZEABLE NUMBER OF IFAD MEMBERS (INCLUDING USDEL) MADE FORMAL STATEMENTS. HEAD OF DELEGATION WILLIAM SCHUERCH DELIVERED THE U.S. STATEMENT. HE NOTED THAT IFAD, WITH ITS FOCUS ON RURAL POVERTY, WAS UNIQUE AMONG INTERNATIONAL INSTITUTIONS, AND THUS WELL POSITIONED TO PLAY AN IMPORTANT ROLE IN MEETING THE WORLD FOOD SUMMIT GOALS. THE UNITED STATES ALSO EMPHASIZED THAT DEMONSTRATED INSTITUTIONAL EFFECTIVENESS AND PUBLICLY MEASURED RESULTS WOULD GENERATE GREATER CONFIDENCE AMONG DONORS AND, MORE LIKELY, ENHANCE SUPPORT. THE UNITED STATES ALSO REINFORCED THE IMPORTANCE OF THE FIFTH REPLENISHMENT'S PLAN OF ACTION, AND BROACHED THE IDEA OF DISCUSSING WHETHER THE CURRENT "LIST" FORMAT (CATEGORIES FOR DONORS, RECIPIENTS, AND THE OPEC GROUP) ACTUALLY DIVIDED THE IFAD MEMBERSHIP ARTIFICIALLY AND IMPEDED NEGOTIATIONS. LOOKING AHEAD TO THE SIXTH REPLENISHMENT, USDEL INDICATED THAT THE UNITED STATES WOULD BE LOOKING AT

-- CONTINUED FOCUS ON ASSESSING IFAD'S IMPACT ON ACHIEVING SUSTAINABLE REDUCTIONS IN RURAL POVERTY;

-- STRENGTHENING IFAD'S CAPACITY TO ASSESS THE ENABLING POLICY AND INSTITUTIONAL ENVIRONMENT IN BORROWING COUNTRIES TO HELP ENSURE EFFECTIVE ALLOCATION OF RESOURCES;

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-- MANAGEMENT FOCUS ON OPERATIONAL EFFICIENCY, STRATEGIC PLANNING AND FINANCIAL SOUNDNESS;

-- MAXIMIZING IFAD'S CATALYTIC ROLE THROUGH INNOVATION AND PROMOTION OF NEW APPROACHES THAT ARE REPLICATED AND LEVERAGED BY OTHER DEVELOPMENT PARTNERS.

OTHER ITEMS

19. THE COUNCIL ADOPTED WITHOUT DISCUSSION THE AUDITED FINANCIAL STATEMENTS AND THE PROPOSED ZERO REAL GROWTH ADMINISTRATIVE BUDGET FOR 2002 OF USD 41.7 MILLION (INCLUDING CONTINGENCY FUND OF USD 165,000). THE COUNCIL HEARD STATEMENTS ON THE FIFTH REPLENISHMENT, PROGRESS REPORTS ON THE PLAN OF ACTION FROM IFAD V, ON THE PROCESS RE-ENGINEERING PROGRAM; ON THE POPULAR COALITION TO ERADICATED HUNGER AND POVERTY AND ON THE PROGRESS REPORT ON THE GLOBAL MECHANISM OF THE UN CONVENTION TO COMBAT DESERTIFICATION.

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SIXTH REPLENISHMENT AGREEMENT

10. THE GOVERNING COUNCIL AGREED TO COMMENCE CONSULTATIONS ON THE SIXTH REPLENISHMENT, AND REQUESTED A REPORT AT THE NEXT GOVERNING COUNCIL MEETING IN 2003 ON

THE PROGRESS (SEPTEL REPORTS ON THE FIRST CONSULTATION).

11. DAS SCHUERCH DID NOT HAVE AN OPPORTUNITY TO CLEAR
THIS CABLE PRIOR TO DEPARTING ROME. HEILEMAN

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